Benefits from CAFTA-DR
Utah

U.S. Department of commerce
international trade administration
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Utah's export shipments of merchandise—manufactures and non-manufactures—to the CAFTA-DR region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) totaled $45 million in 2004.

Utah's exports to the CAFTA-DR region grew by $16 million from 2000 to 2004, the 23rd largest dollar gain among the states. This represents a five-year increase of 58 percent, the 17th largest value among the states, and far higher than the 16 percent total U.S. increase in exports to the region.

Individually, a number of the CAFTA-DR markets are important trading partners of Utah. In 2004, Costa Rica alone received merchandise exports from Utah totaling $25 million and was the state's 24th largest market.

CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

CAFTA-DR will boost opportunities for Utah's exporters throughout the region, providing new market access for the state's products. More than 80 percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over 10 years. Key U.S. exports, such as information technology products, agricultural and construction equipment, paper products, chemicals, and medical and scientific equipment, will gain immediate duty-free access to Central America and the Dominican Republic.

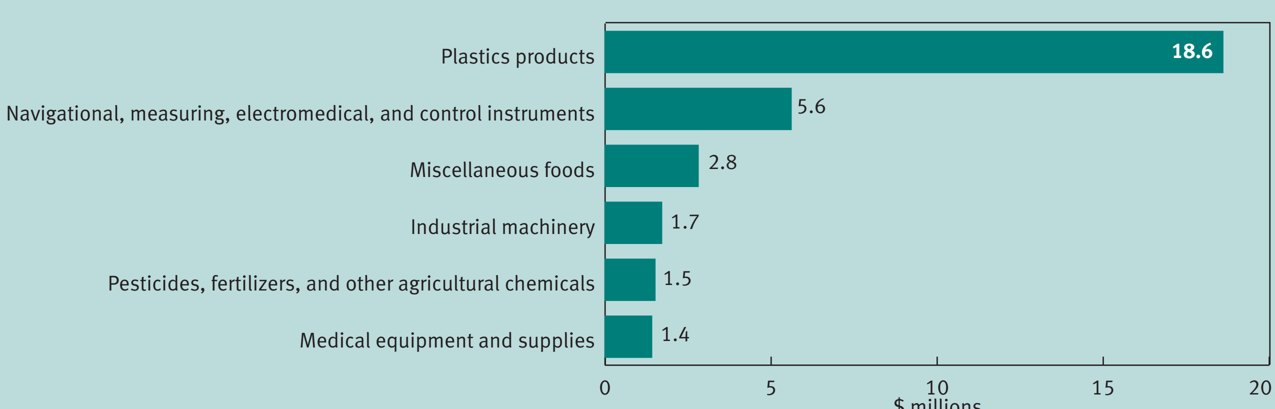
CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

For 20 years, most Central American and Dominican Republic exports to the United States benefited from duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to the CAFTA-DR countries face significant average tariffs.

Continued on reverse

Utah Exported $36.3 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004

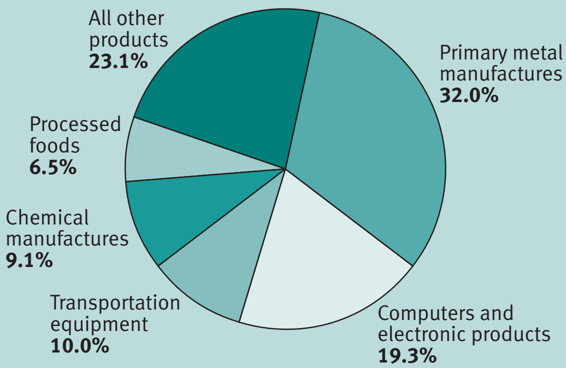
Plastics Products Account for Half



Source: U.S. Department of Commerce.

Utah Exported $4.7 Billion in Goods to the World in 2004

Primary Metal Manufactures Nearly One-Third



Source: U.S. Department of Commerce.

CAFTA-DR Opens Markets for Key Utah Exports

Manufactured goods accounted for 82 percent of Utah's merchandise exports to the CAFTA-DR region in 2004.

Plastics products. Utah's top manufactured export category to the CAFTA-DR group is plastics products. In 2004, the state exported plastics products to the CAFTA-DR region valued at $18.6 million. The elimination of tariffs under CAFTA-DR will make Utah's plastics products more competitive in the CAFTA-DR marketplace.

Electronics and instrumentation products. In 2004, Utah exported navigational, measuring, electromedical, and control instruments to the CAFTA-DR region valued at $5.6 million. CAFTA-DR improves market access for information technology goods and service providers. One hundred percent of exports of products covered by the Information Technology Agreement, including important Utah exports of electronic components, will receive duty-free treatment immediately upon implementation of the CAFTA-DR agreement.

Machinery manufactures. Utah exported $1.7 million in industrial machinery to the CAFTA-DR region in 2004. Ninety-two percent of U.S. capital goods exports to Central America and the Dominican Republic will be duty-free immediately upon implementation of the CAFTA-DR agreement.

Chemical manufactures. Utah exporters shipped chemical manufactures valued at $2.1 million to the CAFTA-DR region in 2004. Most of these sales were accounted for by pesticides, fertilizers, and other agricultural chemicals ($1.5 million). Under CAFTA-DR, ninety-one percent of U.S. fertilizers and agro-chemicals exports will be duty-free immediately upon implementation of the agreement. Tariffs on the remaining 9 percent of exports will be eliminated over five years.

Processed foods. Another of Utah's top manufactured exports to the CAFTA-DR region is processed foods. Miscellaneous foods exports were $2.8 million in 2004, up $1.7 million from 2000. Demand in Central America and the Dominican Republic for imported processed products has been expanding substantially in recent years, despite high tariffs. The CAFTA-DR agreement, when implemented, will stimulate new opportunities for Utah businesses in this sector.

Other manufactures. Between 2000 and 2004, the biggest percentage increases in Utah's manufactured exports to the CAFTA-DR group were registered mostly by industrial machinery; other nonmetallic mineral products; resin, synthetic rubber, and artificial and synthetic fibers and filaments; and cutlery and handtools. Medical equipment and supplies exports increased from $61 thousand in 2000 to $1.4 million in 2004. CAFTA-DR should enhance opportunities for Utah exporters in these and other sectors.

Utah's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S.-Chile FTA, Utah's exports to Chile grew by 152 percent. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Utah's combined exports to Canada and Mexico have also increased by 152 percent.

The Central American–Dominican Republic Free Trade Agreement (CAFTA-DR) group consists of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to states based on transportation origin—i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Source: Bureau of the Census, U.S. Department of Commerce, Origin of Movement series.

Prepared by the International Trade Administration, U.S. Department of Commerce.